

Message Text

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DRAFTED BY: XMB:AMOHANIAN

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EB/IFD/ODF:RSWART

ARA/PAN:DJPEASCHOCK

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FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

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E.O. 11652: NA

TAGS: APUB, PN

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO B.J.
SERVICE IRAN, INC.

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF
EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 753,300
TO B.J. SERVICE IRAN, INC. (BJ).
RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON,D.C.
FOR A.M. PAPERS, TUESDAY, APRIL 29, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 753,300 SUPPORTS DOLS
1,860,000 SALE OF U.S. OIL WELL EQUIPMENT TO PANAMIAN COMPANY

TO HELP FINANCE PART OF A DOLS 1,860,000 SALE OF U.S. OIL
WELL SERVING EQUIPMENT TO A PANAMANIA CORPORATION, THE BOARD
OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES,
PURSUANT TO A PRELIMINARY COMMITMENT FROM EXIMBANK, HAS
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AUTHORIZED A DIRECT CREDIT OF DOLS 753,300 TO FINANCE UP TO

45 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF DOLS 753,300 FROM WELLS FARGO BANK, SAN FRANCISCO, WILL FINANCE UP TO ANOTHER 45 PERCENT OF THE U.S. COSTS. THE OBLIGOR, B.J. SERVICE IRAN, INC. (BJ), WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF AT LEAST 10 PERCENT OR DOLS 186,000. BJ IS A PANAMANIAN CORPORATION ESTABLISHED IN 1973 FOR THE SOLE PURPOSE OF PROVIDING OIL WELL CEMENTING AND STIMULATION SERVICE IN IRAN. IT IS 51 PERCENT OWNED BY BYRON JACKSON, INC. A WHOLLY-OWNED SUBSIDIARY OF HUGHES TOOL COMPANY AND 49 PERCENT OWNED BY THREE IRANIANS.

BYRON JACKSON SERVICE EQUIPMENT COMPANY OF LOS ANGELES WILL MANUFACTURE THE PUMPS AND FABRICATE THE EQUIPMENT WITH MAJOR COMPONENTS TO BE FURNISHED BY CUMMINS ENGINE COMPANY OF COLUMBUS, INDIANA; INTERNATIONAL HARVESTER CORPORATION OF CHICAGO; MACK TRUCK CORPORATION OF ALLENTOWN, PENNSYLVANIA; AND EATON CORPORATION OF CLEVELAND.

THE LOANS ARE TO BE REPAID IN 9 SEMIANNUAL INSTALLMENTS BEGINNING JULY 5, 1975. INTEREST ON EXIMBANK'S DIRECT CREDIT OF DOLS 753,300 WILL BE AT THE RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES OF ABOUT 8.67 PERCENT TO 8.92 PERCENT PER ANNUM. REPAYMENT OF THE LOANS IS TO BE GUARANTEED BY HUGHES TOOL COMPANY. UNQUOTE KISSINGER

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